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HR 70-2
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22 May 1951

Memorandum for: Deputy Director (Administration)

From: Legislative Counsel

Subject: Employment of retired officers.

1. When the Director first discussed the proposed retired officers legislation with Chairman Vinson and Chairman Russell of the House and Senate Armed Services Committees, it was on the basis of securing authority to employ fifteen retired officers of the Armed Services whose retirement was of such a nature that their employment by the Government was barred by present law. Subsequently, we included in this legislation authority for certain retired officers to receive their retired pay with CIA making up the difference between the retired pay and the compensation of the position which the officer held.

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2. This tax proviso would, therefore, be of benefit virtually exclusively to those officers retired for physical disability, and would rarely apply to the fifteen officers who had retired for reasons of longevity.

3. As the tax proviso would apply virtually exclusively to officers who under present law can already be employed by the Government, the House Committee knocked out the tax proviso, stating that the Committee felt "that legislation of this nature should be general, if found to be desirable, and not applicable to one agency only." I, therefore, recommended that we accept the House Committee's decision in this matter, and if we still consider this provision desirable attempt to insert it in the general legislation on this subject which is presently being considered by the Congress. The House Committee feels so strongly about this that they have indicated that they would not withdraw from their position if we forced them to go to conference with the Senate on this matter.

4. The fifteen officers whom we seek to employ are retired for longevity only, although in certain cases up to 30% of their retired pay may be given a disability exemption.

5. Of those officers whom we presently plan to convert to CIA employ under the authority to employ up to fifteen, General [redacted] and Colonel [redacted] have no physical disability retirement and therefore would not come within any tax provision. [redacted] orders

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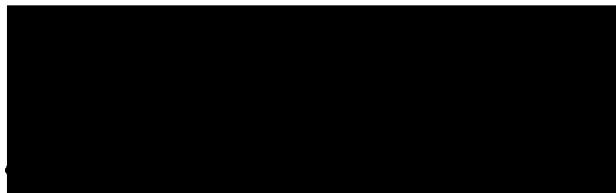
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*not included in 15. Retired
for 50% disability*

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are not presently available; but under any condition, no more than 30% of his retired pay would be subject to exemption.

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Walter L. Pforzheimer